

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION OF MACK  
ENERGY CORPORATION FOR CONTRACTION OF  
THE EAST EMPIRE YESO POOL AND EXTENSION  
OF THE HORIZONTAL BOUNDARIES AND THE  
VERTICAL LIMITS OF A PORTION OF THE  
GRAYBURG JACKSON (SEVEN RIVERS-QUEEN-  
GRAYBURG SAN ANDRES) POOL,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 13609**

**AFFIDAVIT**

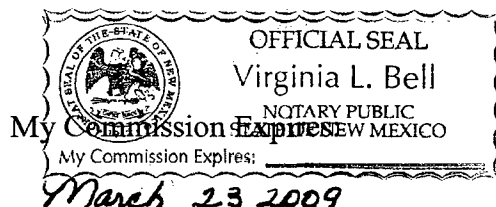
STATE OF NEW MEXICO   )  
                                  ) ss.  
COUNTY OF SANTA FE   )

J. SCOTT HALL, attorney in fact and authorized representative of Mack Energy Corporation, the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice, as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given at the correct addresses provided by such rule.

*J. Scott Hall*

\_\_\_\_\_  
J. SCOTT HALL

SUBSCRIBED AND SWORN to before me this 12<sup>th</sup> day of April, 2006.



*Virginia L. Bell*  
\_\_\_\_\_  
Notary Public

G:\Data\Clients\9700\36659\Pleadings\Affidavit.doc

NMOCD CASE NOS. 13608 & 13609  
APRIL 13, 2006  
MACK ENERGY CORPORATION  
EXHIBIT NO. 7

# MILLER STRATVERT

LAW OFFICES

Ranne B. Miller  
Alice T. Lorenz  
Stephen M. Williams  
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## Of Counsel

William K. Stratvert  
Sharon P. Gross

## Reply to Santa Fe

150 Washington Ave., Suite 300  
Santa Fe, NM 87501

Mailing Address:  
P.O. Box 1986  
Santa Fe, NM 87504-1986

Telephone: (505) 989-9614  
Facsimile: (505) 989-9857

Writer's Direct E-Mail:  
shall@mstlaw.com

\* New Mexico Board of Specialization Recognized Specialist in Natural Resources - Oil & Gas Law  
\*\* New Mexico Board of Specialization Recognized Specialist in Real Estate Law

December 1, 2005

## **CERTIFIED MAIL/** **RETURN RECEIPT REQUESTED**

Buckhorn Enterprises Corporation  
2101 West Runyan  
Artesia, New Mexico 88210-2573

Re: NMOCD Case No. 13609; Application of Mack Energy Corporation for an Amendment to Order No. R-3127-A Extending the Vertical Limits of the Grayburg-Jackson West Cooperative Unit and for the Expansion of Injection Operations, Eddy County, New Mexico

Dear Sir or Madam:

This will advise that Mack Energy Corporation has filed an Application with the New Mexico Oil Conservation Division seeking an order amending the previous orders of the Division approving the Grayburg-Jackson West Cooperative Unit Agreement to extend the vertical limits of the unitized formation to include all formations from the top of the Seven Rivers formation to the base of the Glorieta-Yeso (Paddock) formation. Applicant also seeks authorization to expand waterflood injection operations to include all intervals within the extended vertical limits of the unitized formation in the Grayburg-Jackson West Cooperative Unit comprised of approximately 2,400 acres of State of New Mexico and fee lands in the following area:

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Section 15: W1/2SW1/4

Section 16: All

Section 21: All

Section 22: W1/2W1/2, E1/2NW1/4,  
NE1/4SW1/4, NW1/4NE1/4

Section 27: W1/2SW1/4

Section 28: All

ALBUQUERQUE  
(505) 842-1950

NMOCD CASE NOS. 13608 & 13609  
APRIL 13, 2006  
MACK ENERGY CORPORATION  
EXHIBIT NO. A

SANTA FE  
(505) 989-9614

Buckhorn Enterprises Corporation

December 1, 2005

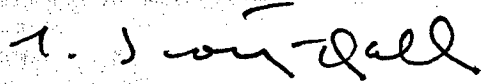
Page 2

A copy of the application is enclosed.

This application will be set for hearing before a Division Examiner on December 15, 2005, at the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time.

Very truly yours,

MILLER STRATVERT P.A.

A handwritten signature in dark ink, appearing to read "J. Scott Hall", is written over the typed name.

J. Scott Hall

JSH/glb

Enclosure

7161 8863 9710 0000 3628

|                              |                         |                         |                  |
|------------------------------|-------------------------|-------------------------|------------------|
| RETURN<br>RECEIPT<br>SERVICE | POSTAGE                 | \$0.60                  | POSTMARK OR DATE |
|                              | RESTRICTED DELIVERY FEE | \$0.00                  |                  |
|                              | CERTIFIED FEE           | \$2.30                  |                  |
|                              | RETURN RECEIPT FEE      | \$1.75                  |                  |
| SENT TO:                     |                         | TOTAL POSTAGE AND FEE'S | \$4.65           |

Buckhorn Enterprises Corporation  
2101 West Runyan  
Artesia, New Mexico 88210-2573

DEC - 1 2005  
NEW MEXICO 87501-8866

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|   |  |   |  |
|---|--|---|--|
| <b>2. Article Number</b><br><br>7161 8863 9710 0000 3628  |  | <b>COMPLETE THIS SECTION ON DELIVERY</b>  |  |
| <b>1. Article Addressed to:</b><br><br>Buckhorn Enterprises Corporation<br>2101 West Runyan<br>Artesia, New Mexico 88210-2573<br><br>11/30/2005 4:21 PM |  | <b>A. Signature</b><br>X <i>[Signature]</i>   | <input type="checkbox"/> Agent<br><input type="checkbox"/> Addressee |
|   |  | <b>B. Received by (Printed Name)</b><br>MONA BREWER   | <b>C. Date of Delivery</b><br>12-14-05                               |
|   |  | <b>D. Is delivery address different from item 1?</b> <input type="checkbox"/> Yes<br>If YES enter delivery address below: <input type="checkbox"/> No |  |
|   |  | <b>3. Service Type</b> <input checked="" type="checkbox"/> <b>Certified</b>   |  |
|   |  | <b>4. Restricted Delivery? (Extra Fee)</b> <input type="checkbox"/> Yes   |  |

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# MILLER STRATVERT

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## Reply to Santa Fe

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\*\* New Mexico Board of Specialization Recognized Specialist in Real Estate Law

December 1, 2005

## CERTIFIED MAIL/

## RETURN RECEIPT REQUESTED

Mr. Pat Lyons

New Mexico Commissioner of Public Lands

Post Office Box 1148

Santa Fe, New Mexico 87504-1148

Re: NMOCD Case No. 13609; Application of Mack Energy Corporation for an Amendment to Order No. R-3127-A Extending the Vertical Limits of the Grayburg-Jackson West Cooperative Unit and for the Expansion of Injection Operations, Eddy County, New Mexico

Dear Mr. Lyons:

This will advise that Mack Energy Corporation has filed an Application with the New Mexico Oil Conservation Division seeking an order amending the previous orders of the Division approving the Grayburg-Jackson West Cooperative Unit Agreement to extend the vertical limits of the unitized formation to include all formations from the top of the Seven Rivers formation to the base of the Glorieta-Yeso (Paddock) formation. Applicant also seeks authorization to expand waterflood injection operations to include all intervals within the extended vertical limits of the unitized formation in the Grayburg-Jackson West Cooperative Unit comprised of approximately 2,400 acres of State of New Mexico and fee lands in the following area:

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Section 22: W1/2W1/2, E1/2NW1/4,  
NE1/4SW1/4, NW1/4NE1/4

Section 27: W1/2SW1/4

Section 28: All

A PROFESSIONAL ASSOCIATION

ALBUQUERQUE  
(505) 842-1950

FARMINGTON  
(505) 326-4521

LAS CRUCES  
(505) 523-2481

SANTA FE  
(505) 989-9614

Mr. Pat Lyons  
New Mexico Commissioner of Public Lands  
December 1, 2005  
Page 2

A copy of the application is enclosed.

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Very truly yours,


MILLER STRATVERT P.A.

A handwritten signature in dark ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall


JSH/glb  
Enclosure

7161 8863 9710 0000 3710

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| <b>RETURN<br/>RECEIPT<br/>SERVICE</b>  | POSTAGE                 | \$0.60                  | <b>POSTMARK OR DATE</b> |
|  | RESTRICTED DELIVERY FEE | \$0.00                  |                         |
|  | CERTIFIED FEE           | \$2.30                  |                         |
|  | RETURN RECEIPT FEE      | \$1.75                  |                         |
| <b>SENT TO:</b>  |                         | TOTAL POSTAGE AND FEE'S | \$4.65                  |
| <p>Mr. Pat Lyons<br/>New Mexico Commissioner of Public Lands<br/>Post Office Box 1148<br/>Santa Fe, New Mexico 87504-1148</p>  |                         |                         |                         |

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| <b>2. Article Number</b>   |  | <b>COMPLETE THIS SECTION ON DELIVERY</b>  |                                |
| 7161 8863 9710 0000 3710   |  | A. Signature<br>X  <input type="checkbox"/> Agent<br><input type="checkbox"/> Addressee |                                |
|  |  | B. Received by (Printed Name)<br>ANTHONY  | C. Date of Delivery<br>11/6/11 |
| 1. Article Addressed to:<br><br>Mr. Pat Lyons<br>New Mexico Commissioner of Public Lands<br>Post Office Box 1148<br>Santa Fe, New Mexico 87504-1148<br><br>12/1/2005 3:18 PM |  | D. Is delivery address different from item 1? <input type="checkbox"/> Yes<br>If YES enter delivery address below: <input type="checkbox"/> No                              |                                |
|  |  | 3. Service Type <input checked="" type="checkbox"/> Certified   |                                |
|  |  | 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes  |                                |
| PS Form 3811 Domestic Return Receipt   |  |   |                                |

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\* New Mexico Board of Specialization Recognized Specialist in Natural Resources - Oil & Gas Law  
\*\* New Mexico Board of Specialization Recognized Specialist in Real Estate Law

December 1, 2005

## CERTIFIED MAIL/

## RETURN RECEIPT REQUESTED

Chase Oil Company  
Post Office Box 1767  
Artesia, New Mexico 88211-1767

Re: NMOCDCase No. 13609; Application of Mack Energy Corporation for an Amendment to Order No. R-3127-A Extending the Vertical Limits of the Grayburg-Jackson West Cooperative Unit and for the Expansion of Injection Operations, Eddy County, New Mexico

Dear Sir or Madam:

This will advise that Mack Energy Corporation has filed an Application with the New Mexico Oil Conservation Division seeking an order amending the previous orders of the Division approving the Grayburg-Jackson West Cooperative Unit Agreement to extend the vertical limits of the unitized formation to include all formations from the top of the Seven Rivers formation to the base of the Glorieta-Yeso (Paddock) formation. Applicant also seeks authorization to expand waterflood injection operations to include all intervals within the extended vertical limits of the unitized formation in the Grayburg-Jackson West Cooperative Unit comprised of approximately 2,400 acres of State of New Mexico and fee lands in the following area:

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Section 27: W1/2SW1/4

Section 28: All

A PROFESSIONAL ASSOCIATION

ALBUQUERQUE  
(505) 842-1950

FARMINGTON  
(505) 326-4521

LAS CRUCES  
(505) 523-2481

SANTA FE  
(505) 989-9614

Chase Oil Company

December 1, 2005

Page 2

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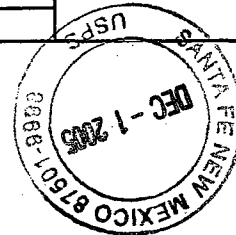
J. Scott Hall

JSH/glb

Enclosure

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| <b>RETURN<br/>RECEIPT<br/>SERVICE</b>  | POSTAGE                 | \$0.60                 | <b>POSTMARK OR DATE</b> |
|  | RESTRICTED DELIVERY FEE | \$0.00                 |                         |
|  | CERTIFIED FEE           | \$2.30                 |                         |
|  | RETURN RECEIPT FEE      | \$1.75                 |                         |
| <b>SENT TO:</b>  |                         | TOTAL POSTAGE AND FEES | \$4.65                  |
| <p>Chase Oil Company<br/>Post Office Box 1767<br/>Artesia, New Mexico 88211-1767</p> |                         |                        |                         |



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| 7161 8863 9710 0000 3772  |  | <b>A. Signature</b><br><input checked="" type="checkbox"/> Agent<br><input type="checkbox"/> Addressee<br><b>B. Received by (Printed Name)</b> James Pinson<br><b>C. Date of Delivery</b> 12-5-05 |  |
| <b>1. Article Addressed to:</b><br><br>Chase Oil Company<br>Post Office Box 1767<br>Artesia, New Mexico 88211-1767<br><br>12/1/2005 3:50 PM |  | <b>D. Is delivery address different from item 1?</b> <input type="checkbox"/> Yes<br>If YES enter delivery address below: <input type="checkbox"/> No   |  |
|   |  | <b>3. Service Type</b> <input checked="" type="checkbox"/> <b>Certified</b>   |  |
|   |  | <b>4. Restricted Delivery? (Extra Fee)</b> <input type="checkbox"/> Yes   |  |
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\*\* New Mexico Board of Specialization Recognized Specialist in Real Estate Law

December 1, 2005

## **CERTIFIED MAIL/**

## **RETURN RECEIPT REQUESTED**

G. Dianne C. Crouch

Post Office Box 359

Artesia, New Mexico 88211-0359

Re: NMOCD Case No. 13609; Application of Mack Energy Corporation for an Amendment to Order No. R-3127-A Extending the Vertical Limits of the Grayburg-Jackson West Cooperative Unit and for the Expansion of Injection Operations, Eddy County, New Mexico

Dear Ms. Crouch:

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NE1/4SW1/4, NW1/4NE1/4

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Section 28: All

A PROFESSIONAL ASSOCIATION

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FARMINGTON  
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SANTA FE  
(505) 989-9614

G. Dianne C. Crouch

December 1, 2005

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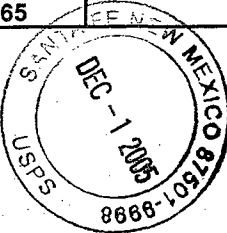
J. Scott Hall

JSH/glb  
Enclosure

7161 8863 9710 0000 3666

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|                                       | CERTIFIED FEE           | \$2.30                 |                         |
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| <b>SENT TO:</b>                       |                         | TOTAL POSTAGE AND FEES | \$4.65                  |

G. Dianne C. Crouch  
Post Office Box 359  
Artesia, New Mexico 88211-0359



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|---|--|--|--|
| <b>2. Article Number</b>  |  | <b>COMPLETE THIS SECTION ON DELIVERY</b>   |  |
| <p>7161 8863 9710 0000 3666</p> <p><b>1. Article Addressed to:</b></p> <p>G. Dianne C. Crouch<br/>Post Office Box 359<br/>Artesia, New Mexico 88211-0359</p> <p>12/1/2005 8:20 AM</p> |  | <p><b>A. Signature</b></p> <p>X <i>Samir Pison</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>   |  |
|   |  | <p><b>B. Received by (Printed Name)</b> <i>Samir Pison</i> <b>C. Date of Delivery</b> <i>12-9-05</i></p>   |  |
|   |  | <p><b>D. Is delivery address different from item 1?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES enter delivery address below:</p> |  |
|   |  | <p><b>3. Service Type</b> <input checked="" type="checkbox"/> <b>Certified</b></p>   |  |
|   |  | <p><b>4. Restricted Delivery? (Extra Fee)</b> <input type="checkbox"/> Yes</p>   |  |

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# MILLER STRATVERT

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## Of Counsel

William K. Stratvert  
Sharon P. Gross

## Reply to Santa Fe

150 Washington Ave., Suite 300  
Santa Fe, NM 87501

Mailing Address:  
P.O. Box 1986  
Santa Fe, NM 87504-1986

Telephone: (505) 989-9614  
Facsimile: (505) 989-9857

Writer's Direct E-Mail:  
shall@mstlaw.com

\* New Mexico Board of Specialization Recognized Specialist in Natural Resources - Oil & Gas Law  
\*\* New Mexico Board of Specialization Recognized Specialist in Real Estate Law

December 1, 2005

## **CERTIFIED MAIL/** **RETURN RECEIPT REQUESTED**

Mr. Richard Lance Chase  
Post Office Box 359  
Artesia, New Mexico 88211-0359

Re: NMOCD Case No. 13609; Application of Mack Energy Corporation for an Amendment to Order No. R-3127-A Extending the Vertical Limits of the Grayburg-Jackson West Cooperative Unit and for the Expansion of Injection Operations, Eddy County, New Mexico

Dear Mr. Chase:

This will advise that Mack Energy Corporation has filed an Application with the New Mexico Oil Conservation Division seeking an order amending the previous orders of the Division approving the Grayburg-Jackson West Cooperative Unit Agreement to extend the vertical limits of the unitized formation to include all formations from the top of the Seven Rivers formation to the base of the Glorieta-Yeso (Paddock) formation. Applicant also seeks authorization to expand waterflood injection operations to include all intervals within the extended vertical limits of the unitized formation in the Grayburg-Jackson West Cooperative Unit comprised of approximately 2,400 acres of State of New Mexico and fee lands in the following area:

### Township 17 South, Range 29 East, NMPM

Section 15: W1/2SW1/4

Section 16: All

Section 21: All

Section 22: W1/2W1/2, E1/2NW1/4,

NE1/4SW1/4, NW1/4NE1/4

Section 27: W1/2SW1/4

Section 28: All

A PROFESSIONAL ASSOCIATION

ALBUQUERQUE  
(505) 842-1950

FARMINGTON  
(505) 326-4521

LAS CRUCES  
(505) 523-2481

SANTA FE  
(505) 989-9614

Mr. Richard Lance Chase

December 1, 2005

Page 2

A copy of the application is enclosed.

This application will be set for hearing before a Division Examiner on December 15, 2005, at the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time.

Very truly yours,

MILLER STRATVERT P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall

JSH/glb

Enclosure

7161 8863 9710 0000 3659

|                              |                         |                        |                  |
|------------------------------|-------------------------|------------------------|------------------|
| RETURN<br>RECEIPT<br>SERVICE | POSTAGE                 | \$0.60                 | POSTMARK OR DATE |
|                              | RESTRICTED DELIVERY FEE | \$0.00                 |                  |
|                              | CERTIFIED FEE           | \$2.30                 |                  |
|                              | RETURN RECEIPT FEE      | \$1.75                 |                  |
| SENT TO:                     |                         | TOTAL POSTAGE AND FEES | \$4.65           |

Mr. Richard Lance Chase  
Post Office Box 359  
Artesia, New Mexico 88211-0359

12/1/2005 8:18 AM

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8868-10918

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DEC - 1 2005



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2. Article Number

7161 8863 9710 0000 3659

1. Article Addressed to:

Mr. Richard Lance Chase  
Post Office Box 359  
Artesia, New Mexico 88211-0359

12/1/2005 8:18 AM

COMPLETE THIS SECTION ON DELIVERY

A. Signature  
X *Samie Pison* ☐ Agent ☐ Addressee

B. Received by (Printed Name)  
*Samie Pison*

C. Date of Delivery  
*12-5-05*

D. Is delivery address different from item 1? ☐ Yes  
If YES enter delivery address below: ☐ No

3. Service Type ☒ Certified

4. Restricted Delivery? (Extra Fee) ☐ Yes

PS Form 3811

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shall@mstlaw.com

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\*\* New Mexico Board of Specialization Recognized Specialist in Real Estate Law

December 1, 2005

## **CERTIFIED MAIL/ RETURN RECEIPT REQUESTED**

Mr. Bill Chase  
14 Smokey Trail Circle  
Artesia, New Mexico 88210-9541

Re: NMOCD Case No. 13609; Application of Mack Energy Corporation for an Amendment to Order No. R-3127-A Extending the Vertical Limits of the Grayburg-Jackson West Cooperative Unit and for the Expansion of Injection Operations, Eddy County, New Mexico

Dear Mr. Chase:

This will advise that Mack Energy Corporation has filed an Application with the New Mexico Oil Conservation Division seeking an order amending the previous orders of the Division approving the Grayburg-Jackson West Cooperative Unit Agreement to extend the vertical limits of the unitized formation to include all formations from the top of the Seven Rivers formation to the base of the Glorieta-Yeso (Paddock) formation. Applicant also seeks authorization to expand waterflood injection operations to include all intervals within the extended vertical limits of the unitized formation in the Grayburg-Jackson West Cooperative Unit comprised of approximately 2,400 acres of State of New Mexico and fee lands in the following area:

### Township 17 South, Range 29 East, NMPM

Section 15: W1/2SW1/4

Section 16: All

Section 21: All

Section 22: W1/2W1/2, E1/2NW1/4,  
NE1/4SW1/4, NW1/4NE1/4

Section 27: W1/2SW1/4

Section 28: All

A PROFESSIONAL ASSOCIATION

ALBUQUERQUE  
(505) 842-1950

FARMINGTON  
(505) 326-4521

LAS CRUCES  
(505) 523-2481

SANTA FE  
(505) 989-9614

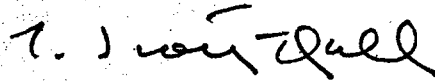
Mr. Bill Chase  
December 1, 2005  
Page 2

A copy of the application is enclosed.

This application will be set for hearing before a Division Examiner on December 15, 2005, at the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time.

Very truly yours,

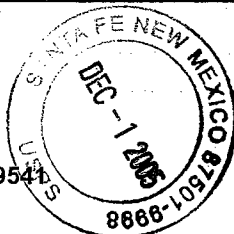
MILLER STRATVERT P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", written over the typed name.

J. Scott Hall

JSH/glb  
Enclosure

7161 8863 9710 0000 3598

|  |                         |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
| <b>RETURN<br/>RECEIPT<br/>SERVICE</b>  | POSTAGE                 | \$0.60                  | <b>POSTMARK OR DATE</b> |
|  | RESTRICTED DELIVERY FEE | \$0.00                  |                         |
|  | CERTIFIED FEE           | \$2.30                  |                         |
|  | RETURN RECEIPT FEE      | \$1.75                  |                         |
| <b>SENT TO:</b>  |                         | TOTAL POSTAGE AND FEE'S | \$4.65                  |
| <p>Mr. Bill Chase<br/>14 Smokey Trail Circle<br/>Artesia, New Mexico 88210-9541</p>  |                         |                         |                         |

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|   |  |   |  |
|---|--|---|--|
| <b>2. Article Number</b>  |  | <b>COMPLETE THIS SECTION ON DELIVERY</b>  |  |
| <p>7161 8863 9710 0000 3598</p>   |  | <p>A. Signature <input checked="" type="checkbox"/> Agent<br/> <input checked="" type="checkbox"/> Addressee<br/> <i>Bill Chase</i></p>   |  |
|   |  | <p>B. Received by (Printed Name) C. Date of Delivery<br/> <i>Bill Chase</i> <i>12-5-05</i></p>  |  |
|   |  | <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes<br/> <input checked="" type="checkbox"/> No<br/>         If YES enter delivery address below:</p> |  |
|   |  | <p>3. Service Type <input checked="" type="checkbox"/> <b>Certified</b></p>   |  |
| <p>1. Article Addressed to:</p> <p>Mr. Bill Chase<br/>14 Smokey Trail Circle<br/>Artesia, New Mexico 88210-9541</p> <p>11/30/2005 4:17 PM</p> |  | <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>   |  |
| <p>PS Form 3811 Domestic Return Receipt</p>   |  |   |  |

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Sharon P. Gross

## Reply to Santa Fe

150 Washington Ave., Suite 300  
Santa Fe, NM 87501

## Mailing Address:

P.O. Box 1986  
Santa Fe, NM 87504-1986

Telephone: (505) 989-9614  
Facsimile: (505) 989-9857

Writer's Direct E-Mail:  
shall@mstlaw.com

\* New Mexico Board of Specialization Recognized Specialist in Natural Resources - Oil & Gas Law  
\*\* New Mexico Board of Specialization Recognized Specialist in Real Estate Law

December 1, 2005

## **CERTIFIED MAIL/** **RETURN RECEIPT REQUESTED**

Mr. Robert Chase  
Post Office Box 297  
Artesia, New Mexico 88211

Re: NMOCD Case No. 13609; Application of Mack Energy Corporation for an Amendment to Order No. R-3127-A Extending the Vertical Limits of the Grayburg-Jackson West Cooperative Unit and for the Expansion of Injection Operations, Eddy County, New Mexico

Dear Mr. Chase:

This will advise that Mack Energy Corporation has filed an Application with the New Mexico Oil Conservation Division seeking an order amending the previous orders of the Division approving the Grayburg-Jackson West Cooperative Unit Agreement to extend the vertical limits of the unitized formation to include all formations from the top of the Seven Rivers formation to the base of the Glorieta-Yeso (Paddock) formation. Applicant also seeks authorization to expand waterflood injection operations to include all intervals within the extended vertical limits of the unitized formation in the Grayburg-Jackson West Cooperative Unit comprised of approximately 2,400 acres of State of New Mexico and fee lands in the following area:

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Section 16: All

Section 21: All

Section 22: W1/2W1/2, E1/2NW1/4,  
NE1/4SW1/4, NW1/4NE1/4

Section 27: W1/2SW1/4

Section 28: All

A PROFESSIONAL ASSOCIATION

ALBUQUERQUE  
(505) 842-1950

FARMINGTON  
(505) 326-4521

LAS CRUCES  
(505) 523-2481

SANTA FE  
(505) 989-9614

Mr. Robert Chase  
December 1, 2005  
Page 2

A copy of the application is enclosed.

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Very truly yours,

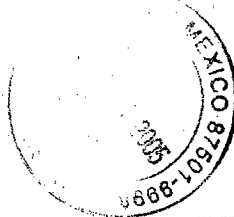
MILLER STRATVERT P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall

JSH/glb  
Enclosure

7161 8863 9710 0000 3642

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|  | RESTRICTED DELIVERY FEE | \$0.00                  |                         |
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|  | RETURN RECEIPT FEE      | \$1.75                  |                         |
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| <p>Mr. Robert Chase<br/>Post Office Box 297<br/>Artesia, New Mexico 88211</p>  |                         |                         |                         |

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| 7161 8863 9710 0000 3642  | A. Signature<br><input checked="" type="checkbox"/> <i>James Pinson</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee      |                                       |
|   | B. Received by (Printed Name)<br><i>James Pinson</i>   | C. Date of Delivery<br><i>12-5-05</i> |
|   | D. Is delivery address different from item 1? <input type="checkbox"/> Yes<br>If YES enter delivery address below: <input type="checkbox"/> No |                                       |
|   | 3. Service Type <input checked="" type="checkbox"/> <b>Certified</b>   |                                       |
|   | 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes   |                                       |
| 1. Article Addressed to:<br><br>Mr. Robert Chase<br>Post Office Box 297<br>Artesia, New Mexico 88211<br><br>12/1/2005 8:14 AM |  |                                       |

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# MILLER STRATVERT

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December 1, 2005

## **CERTIFIED MAIL/** **RETURN RECEIPT REQUESTED**

Mossman-Midwest Company  
Post Office Box 597  
Artesia, New Mexico 88202-0597

Re: NMOCD Case No. 13609; Application of Mack Energy Corporation for an Amendment to Order No. R-3127-A Extending the Vertical Limits of the Grayburg-Jackson West Cooperative Unit and for the Expansion of Injection Operations, Eddy County, New Mexico

Dear Sir or Madam:

This will advise that Mack Energy Corporation has filed an Application with the New Mexico Oil Conservation Division seeking an order amending the previous orders of the Division approving the Grayburg-Jackson West Cooperative Unit Agreement to extend the vertical limits of the unitized formation to include all formations from the top of the Seven Rivers formation to the base of the Glorieta-Yeso (Paddock) formation. Applicant also seeks authorization to expand waterflood injection operations to include all intervals within the extended vertical limits of the unitized formation in the Grayburg-Jackson West Cooperative Unit comprised of approximately 2,400 acres of State of New Mexico and fee lands in the following area:

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Section 21: All

Section 22: W1/2W1/2, E1/2NW1/4,

NE1/4SW1/4, NW1/4NE1/4

Section 27: W1/2SW1/4

Section 28: All

A PROFESSIONAL ASSOCIATION

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(505) 842-1950

FARMINGTON  
(505) 326-4521

LAS CRUCES  
(505) 523-2481

SANTA FE  
(505) 989-9614

Mossman-Midwest Company  
December 1, 2005  
Page 2

A copy of the application is enclosed.

This application will be set for hearing before a Division Examiner on December 15, 2005, at the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time.

Very truly yours,

MILLER STRATVERT P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", is written over the typed name.

J. Scott Hall

JSH/glb  
Enclosure

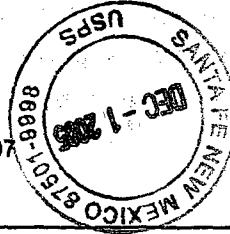
7161 8863 9710 0000 3727

|                                       |                         |                        |                         |
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| <b>RETURN<br/>RECEIPT<br/>SERVICE</b> | POSTAGE                 | \$0.60                 | <b>POSTMARK OR DATE</b> |
|                                       | RESTRICTED DELIVERY FEE | \$0.00                 |                         |
|                                       | CERTIFIED FEE           | \$2.30                 |                         |
|                                       | RETURN RECEIPT FEE      | \$1.75                 |                         |
| <b>SENT TO:</b>                       |                         | TOTAL POSTAGE AND FEES | \$4.65                  |

Mossman-Midwest Company  
Post Office Box 597  
Artesia, New Mexico 88202-0597

12/1/2005 3:19 PM

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# MILLER STRATVERT

LAW OFFICES

150 WASHINGTON AVE., SUITE 300  
P.O. BOX 1986 (87304-1986)  
SANTA FE, NM 87501

1ST CLASS  
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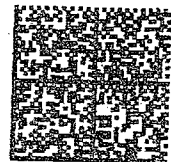
*Handwritten: 12-01-05, FOK*

7161 8863 9710 0000 3727

**CERTIFIED MAIL**

Mossman-Midwest Company  
Post Office Box 597  
Artesia, New Mexico 88202-0597

*Handwritten notes and stamps:*  
RECEIVED  
ADDRESS  
NO. 501  
OFFICE IN SANTA FE, NM



UNITED STATES  
02 1A  
00043  
MAILED

*Handwritten: 12-5*

87304/1085

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF MACK  
ENERGY CORPORATION FOR AN AMENDMENT TO  
ORDER NO. R-3127-A EXTENDING THE VERTICAL  
LIMITS OF THE GRAYBURG-JACKSON WEST  
COOPERATIVE UNIT AND FOR THE EXPANSION  
OF INJECTION OPERATIONS,  
EDDY COUNTY, NEW MEXICO

CASE NO. \_\_\_\_\_

2005 NOV 15 PM 4 19

APPLICATION

Applicant, Mack Energy Corporation, through its undersigned attorneys, Miller Stratvert P.A. (J. Scott Hall) hereby makes application for an order amending the previous orders of the Division approving the Grayburg-Jackson West Cooperative Unit Agreement (Order Nos. R-3127 and R-3127-A) to extend the vertical limits of the Unitized Formation to include all formations from the top of the Seven Rivers formation to the base of the Glorieta-Yeso (Paddock) formation. Applicant further seeks authorization to expand injection operations to include those intervals to the base of the Paddock formation. In support thereof, Applicant would show the Division:

1. Applicant is the Operator of the Grayburg-Jackson West Cooperative Unit, the Unit Area of which is comprised of approximately 2,400 acres of State of New Mexico and fee lands located in Eddy County, New Mexico, more particularly describes as follows:

Township 17 South, Range 29 East, NMPM

Section 15: W1/2SW1/4  
Section 16: All  
Section 21: All  
Section 22: W1/2W1/2, E1/2NW1/4,  
NE1/4SW1/4, NW1/4NE1/4  
Section 27: W1/2SW1/4  
Section 28: All

2. The Grayburg-Jackson West Cooperative Unit Agreement was originally approved by the Oil Conservation Commission on October 4, 1966 by Order No. R-3127 which was subsequently amended on March 4, 1968 by Order No. R-3127-A to include an additional 300 acres. The Unitized Formation under the Unit Agreement is that portion of the Grayburg San Andres formation encountered between the depths of 2,200' and 3,600' underlying the Unit Area. The Unit, as approved, was formed for the purposes of conducting primary and secondary recovery operations in the Unit Area. The original Unit Agreement was approved by the Commissioner of Public Lands on September 28, 1966 and the Amended Unit Agreement which expanded the Unit to include additional lands was subsequently approved by the Commissioner on March 8, 1968.

3. The expanded vertical limits of the Unitized Formation to be included within the Unit Area, as amended, will extend from the top of the Seven Rivers formation to the base of the Glorieta-Yeso (Paddock) formation, being those depths from 1,116' to 4,636' below the Kelly Bushing as shown on the Schlumberger Platform Express Three Detector Litho-Density Compensated Neutron/HNGS Log of the Diamondbacks State No. 1 Well located 2,040' FNL and 2,140' FEL of Section 28, T17S, R29E, Eddy County, New Mexico.

4. Both primary and secondary recovery operations by means of a waterflood are being conducted in the Unitized Formation as currently defined. Applicant proposes initially to conduct primary operations in the expanded intervals of the Unitized Formation and anticipates that secondary recovery operations may be implemented at a subsequent date as circumstances may warrant.

5. Unit operations are currently being conducted through 111 wells, 10 of which are injectors. Unit wells currently being utilized for injection operations are as follows:

|     |              |
|-----|--------------|
| 001 | M-28-17S-29E |
| 003 | O-28-17S-29E |
| 009 | K-28-17S-29E |
| 011 | E-28-17S-29E |
| 015 | G-28-17S-29E |
| 019 | C-28-17S-29E |
| 029 | I-21-17S-29E |
| 033 | K-21-17S-29E |
| 047 | C-21-17S-29E |
| 058 | L-16-17S-29E |

6. The proposed extended Unitized Formation is currently within the vertical limits and portions of the horizontal boundaries of the East Empire Yeso-Pool (96610). By way of separate application to the Division, Applicant also proposes the expansion of the horizontal boundaries of the Grayburg-Jackson San Andres Pool (28509) and the contraction of the East Empire-Yeso Pool within the unit in the following geographic area:

Township 17 South, Range 29 East, NMPM

Section 22: N/2 SW/4, SW/4 SW/4

Section 27: W/2 SW/4

Section 28: N/2

7. Other than an amendment to the Grayburg-Jackson West Cooperative Unit Agreement describing the expanded Unitized Formation, no other amendments to the Unit Agreement or Unit Operating Agreement are proposed.

8. Working interest and mineral interest ownership in the currently defined Unitized Formation and the proposed expanded intervals is identical.

9. The Application of unit operations to the expanded Unitized Formation in the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool and the Glorieta-Yeso (Paddock) formations will result with reasonable probability in the increased recovery of substantially more oil and/or gas from the unitized area than would otherwise be recovered.

Expansion of the Unitized Formation to include the additional depths will also benefit the working interest owners and the royalty owners in the Unit Area.

10. Expansion of the unitized formation within the Unit Area of the Grayburg-West Cooperative Unit to include the Seven Rivers, Queen, Grayburg, San Andres, Grayburg-Jackson, and the Glorieta-Yeso (Paddock) formations is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant Mack Energy Corporation requests that this Application be set for hearing before one of the Division's examiners on December 15, 2005 and that after notice and hearing, the Division enter its order granting the relief requested above.

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